

Utilities

MISSION STATEMENT

The goals of the County Government relating to utility consumption are to:

- achieve energy savings by the elimination of wasteful or inefficient operation of building systems;
- continue improvements in energy efficiency in all County operations; and
- obtain required energy fuels at the most favorable cost to the County.

HIGHLIGHTS

Fund the utility costs for 183 (General Fund) facilities with approximately 3,674,938 total square feet, and more than 61,358 streetlights and 737 traffic controlled signalized intersections.

BUDGET OVERVIEW

The FY07 recommended budget for the tax supported Utilities non-departmental account (NDA) is \$23,640,870, an increase of \$4,516,680 or 23.6 percent from the FY06 approved budget of \$19,124,190. Allocation of these utilities expenditures is as follows: electricity, 84.1 percent; natural gas, 10.6 percent; water and sewer, 4.0 percent; and fuel oil 1.3 percent. The total increase is due to significant unit rate cost increases, and from new or annualized facilities, streetlights, or traffic signals.

The FY07 recommended budget includes County government utilities expenditures for both tax and non-tax supported operations. Tax supported utilities expenditures related to the General Fund departments are budgeted in the Utilities NDA, while utilities expenditures related to special fund departments are budgeted in those funds. Some of these special funds, such as Recreation and portions of the Department of Public Works and Transportation, are tax supported. Other special funds, such as Solid Waste, are not supported by taxes, but through user fees or charges for services.

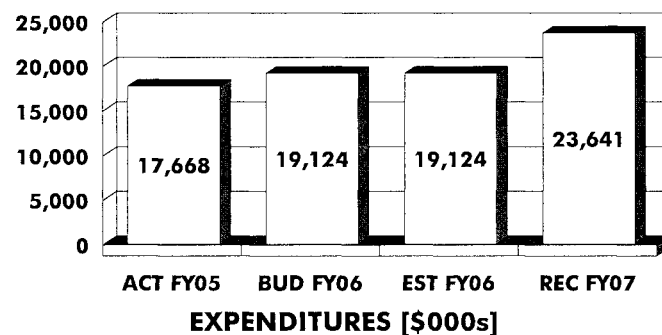
Utilities expenditures are also found in the budgets of other County agencies: Montgomery County Public Schools (MCPS), Montgomery College, the Washington Suburban Sanitary Commission (WSSC), and the Maryland-National Capital Park and Planning Commission (M-NCPPC). The total budget request for these "outside" agencies is \$70,070,610 which includes the entire bi-county area of WSSC.

The FY07 recommended tax supported budget for Utilities Management, including both the General Fund NDA (\$23,640,870) and the other tax supported funds (\$2,227,470), is \$25,868,340, an increase of \$4,865,570 or approximately 23.2 percent from the FY06 approved utilities budget.

Program Summary

	Expenditures	WYs
Utilities (for All General Fund Departments)	23,640,870	0.0
Totals	23,640,870	0.0

Trends



The FY07 recommended budget for non-tax supported utilities expenditures is \$4,617,160, an increase of \$1,706,460 or 58.6 percent from the FY06 approved budget. In both the tax and non-tax supported funds, increased utilities expenditures result primarily from higher commodity unit costs due to market price fluctuations; greater consumption due to new facilities or services; and in some cases, a more precise alignment of budgeted costs with actual prior-year expenditures by utility type. Energy conservation and cost-saving measures (e.g., new building design, lighting technology, energy and HVAC management systems) help offset increased utility consumption or unit costs.

The Executive is recommending no change to the County's Energy Tax rate structure this fiscal year. The County's Interagency Committee on Energy and Utility Management (ICEUM) is currently projecting a cost increase potential for Electricity (37.0%), Fuel Oil (25.1%), Natural Gas (25.9%), and Water and Sewer (2.5%). These projections reflect market concern about current world events on the commodities futures markets. Motor Fuels, consisting of Unleaded Gasoline, Diesel, and Compressed Natural Gas, are also expected to fluctuate upward based on current market trends. These fuels are purchased from various providers, and are budgeted in the DPWT Division of Fleet Management Services; not the General Fund Utilities NDA. ICEUM also monitors changes in energy costs in the current year and will recommend appropriate changes, if necessary, prior to final Council approval of the FY07 budget.

The following is a description of utility service requirements for departments which receive tax or non-tax supported appropriations for utilities expenditures. The utilities expenditures for the non-tax supported operations are appropriated within their respective operating funds but are described in the combined utilities presentation for reader convenience.

TAX SUPPORTED

Transportation

Division of Operations: Building Maintenance and Operation

The DPWT Building Maintenance and Operation section is responsible for managing all utilities for general County operations including all County office buildings, police stations, libraries, health and human services facilities, correctional facilities, maintenance buildings, and warehouses.

Division of Operations: Traffic Engineering

The DPWT Traffic Engineering section manages all County streetlights, traffic signals, traffic count stations, and flashing school signs. The utilities expenditures for these devices are budgeted here as this section designs, installs, controls, and maintains them. In addition, minimal utility costs for the Operations Center and Highway Maintenance Depots are budgeted in the Traffic Engineering component of the General

Fund non-departmental account.

Division of Transit Services

The DPWT Division of Transit Services Mass Transit Facilities Fund supports all utilities associated with the Ride On transit centers and Park and Ride Lots.

Recreation

The Department of Recreation funds all utility costs for its recreational facilities located throughout the County, such as swimming pools, community recreation centers, and senior citizen centers.

Urban Districts

Urban District utilities are supported by Urban District Funds which are included in the operating budget for Regional Services Centers.

NON-TAX SUPPORTED

Fleet Management Services

The DPWT Division of Fleet Management Services utility expenditures are displayed in the Special Fund Agencies - Non-Tax Supported section, to reflect that Fleet Management Services expenditures are not appropriated directly but in the budgets of other departments.

The DPWT Division of Fleet Management Motor Pool Internal Service Fund supports all utilities associated with the vehicle maintenance garages in Rockville, Silver Spring, and Gaithersburg. Fuel for the County's fleet is also budgeted in that special fund, but these costs are not included in the utilities expenditures displayed in this section.

Parking Districts

The Parking Districts fund utility expenditures associated with the operation of all County-owned parking garages and parking lots.

Liquor Control

The Department of Liquor Control funds utility expenditures associated with the operation of the liquor warehouse, administrative offices, and the County-owned and contractor-operated retail liquor stores.

Solid Waste Services

Solid Waste Services funds utility expenditures associated with the operation of the County's Solid Waste Management System. Utilities expenditures associated with the operation of the Oaks Sanitary Landfill maintenance building, the County's Recycling Center, the Resource Recovery Facility, and most of the Solid Waste Transfer Station are currently the responsibility of the operators. Only the site office and maintenance depot costs

continue to be budgeted as an identifiable utilities expenditure in the Solid Waste Disposal Fund.

Other Agencies

Utilities for MCPS, Montgomery College, (bi-county) WSSC, and M-NCPPC are displayed in the charts on the following pages. These are the amounts requested in the budgets of those agencies.

PROGRAM CONTACTS

Contact Bryan Hunt of the Office of Management and Budget at 240.777.2770 for more information regarding this department's operating budget.

PROGRAM DESCRIPTIONS

Utilities (for All General Fund Departments)

The Utilities non-departmental account provides the General Fund operating expense appropriation for the Department of Public Works and Transportation, Division of Operations. The utilities expenditures for other non-tax supported operations and other agencies are appropriated within their respective department or agency.

FY07 Recommended Changes

	Expenditures	WYs
FY06 Approved	19,124,190	0.0
FY07 CE Recommended	23,640,870	0.0

BUDGET SUMMARY

	Actual FY05	Budget FY06	Estimated FY06	Recommended FY07	% Chg Bud/Rec
COUNTY GENERAL FUND					
EXPENDITURES					
Salaries and Wages	0	0	0	0	—
Employee Benefits	0	0	0	0	—
County General Fund Personnel Costs	0	0	0	0	—
Operating Expenses	17,667,981	19,124,190	19,124,190	23,640,870	23.6%
Capital Outlay	0	0	0	0	—
County General Fund Expenditures	17,667,981	19,124,190	19,124,190	23,640,870	23.6%
PERSONNEL					
Full-Time	0	0	0	0	—
Part-Time	0	0	0	0	—
Workyears	0.0	0.0	0.0	0.0	—

FY07 RECOMMENDED CHANGES

	Expenditures	WYs
COUNTY GENERAL FUND		
FY06 ORIGINAL APPROPRIATION	19,124,190	0.0
<u>Other Adjustments (with no service impacts)</u>		
Increase Cost: CIP and PSP related utilities	4,124,680	0.0
Increase Cost: CIP project related utilities	376,000	0.0
Increase Cost: Traffic Signal project related utilities	43,000	0.0
Increase Cost: Streetlighting project related utilities	29,000	0.0
Decrease Cost: Energy conserving utility CIP projects	-56,000	0.0
FY07 RECOMMENDED:	23,640,870	0.0

FUTURE FISCAL IMPACTS

Title	CE REC. FY07	FY08	FY09	(\$000's) FY10	FY11	FY12
This table is intended to present significant future fiscal impacts of the department's programs.						
COUNTY GENERAL FUND						
Expenditures						
FY07 Recommended	23,641	23,641	23,641	23,641	23,641	23,641
No inflation or compensation change is included in outyear projections.						
Subtotal Expenditures	23,641	23,641	23,641	23,641	23,641	23,641

COUNTY UTILITIES EXPENDITURES

EXPENDITURES BY DEPARTMENT/AGENCY

	ACTUAL FY04	ACTUAL FY05	BUDGET FY06	RECOMMENDED FY07	CHANGE BUD/APPR	% CHANGE REC/APPR
COUNTY GOVERNMENT TAX SUPPORTED OPERATIONS						
NON-DEPARTMENTAL ACCOUNT						
DPWT: Facilities and Services	7,379,575	10,550,492	11,685,690	15,640,870	3,955,180	33.8%
DPWT: Traffic and Parking Services	6,096,551	7,117,489	7,438,500	8,000,000	561,500	7.5%
GENERAL FUND NDA EXPENDITURES	13,476,126	17,667,981	19,124,190	23,640,870	4,516,680	23.6%
OTHER TAX SUPPORTED OPERATIONS						
DPWT: Transit Services	43,017	55,087	69,500	82,500	13,000	18.7%
Recreation	1,187,251	1,773,746	1,806,030	2,141,920	335,890	18.6%
Urban Districts Funds	7,327	8,730	3,050	3,050	0	0.0%
SUBTOTAL	1,237,595	1,837,563	1,878,580	2,227,470	348,890	18.6%
TOTAL TAX SUPPORTED	14,713,721	19,505,544	21,002,770	25,868,340	4,865,570	23.2%
COUNTY GOVERNMENT NON-TAX SUPPORTED OPERATIONS						
DPWT: Fleet Management Services	617,974	659,378	808,910	999,460	190,550	23.6%
DPWT: Parking Districts	1,076,459	1,839,210	1,217,800	2,531,040	1,313,240	107.8%
Liquor Control	479,312	587,879	721,160	884,160	163,000	22.6%
Solid Waste Services	82,745	95,294	162,830	202,500	39,670	24.4%
TOTAL NON-TAX SUPPORTED	2,256,490	3,181,761	2,910,700	4,617,160	1,706,460	58.6%
SUMMARY - COUNTY GOVERNMENT						
TOTAL TAX SUPPORTED	14,713,721	19,505,544	21,002,770	25,868,340	4,865,570	23.2%
TOTAL NON-TAX SUPPORTED	2,256,490	3,181,761	2,910,700	4,617,160	1,706,460	58.6%
TOTAL COUNTY GOVERNMENT	16,970,211	22,687,305	23,913,470	30,485,500	6,572,030	27.5%
OTHER AGENCIES TAX AND NON-TAX SUPPORTED OPERATIONS						
Montgomery County Public Schools	23,468,328	29,072,100	29,172,100	39,956,580	10,784,480	37.0%
Montgomery College	2,437,293	3,425,658	4,310,470	5,530,340	1,219,870	28.3%
Washington Suburban Sanitary Commission	11,713,012	15,859,584	17,338,000	20,883,000	3,545,000	20.4%
M-NCPPC	2,397,584	2,795,580	3,123,490	3,700,690	577,200	18.5%
TOTAL OTHER AGENCIES EXPENDITURES	40,016,217	51,152,922	53,944,060	70,070,610	16,126,550	29.9%
TOTAL UTILITIES EXPENDITURES	56,986,428	73,840,227	77,857,530	100,556,110	22,698,580	29.2%

COUNTY UTILITIES EXPENDITURES

EXPENDITURES BY ENERGY SOURCE

	ACTUAL FY04	ACTUAL FY05	BUDGET FY06	RECOMMENDED FY07	CHANGE BUDGET/REC	% CHANGE BUDGET/REC
COUNTY GOVERNMENT TAX SUPPORTED OPERATIONS						
NON-DEPARTMENTAL ACCOUNT						
Electricity	11,646,344	15,119,166	16,681,250	19,889,260	3,208,010	19.2%
Water & Sewer	700,634	739,117	805,940	945,110	139,170	17.3%
Fuel Oil	85,424	206,819	80,520	300,000	219,480	272.6%
Natural Gas	1,043,724	1,595,452	1,556,480	2,506,500	950,020	61.0%
Propane	0	7,427	0	0	0	
GENERAL FUND NDA EXPENDITURES	13,476,126	17,667,981	19,124,190	23,640,870	4,516,680	23.6%
OTHER TAX SUPPORTED OPERATIONS						
Electricity	702,762	1,083,219	1,178,050	1,523,940	345,890	29.4%
Water & Sewer	162,494	214,703	324,490	324,490	0	0.0%
Fuel Oil	0	0	19,930	19,930	0	0.0%
Natural Gas	372,339	539,641	356,110	359,110	3,000	0.8%
Propane	0	0	0	0	0	
SUBTOTAL	1,237,595	1,837,563	1,878,580	2,227,470	348,890	18.6%
TOTAL TAX SUPPORTED	14,713,721	19,505,544	21,002,770	25,868,340	4,865,570	23.2%
NON-TAX SUPPORTED OPERATIONS						
Electricity	1,658,890	2,615,000	2,330,940	3,962,890	1,631,950	70.0%
Water & Sewer	188,650	205,978	175,850	226,210	50,360	28.6%
Fuel Oil	1,001	0	0	0	0	
Natural Gas	407,949	360,783	402,910	427,020	24,110	6.0%
Propane	0	0	1,000	1,040	40	4.0%
TOTAL NON-TAX SUPPORTED	2,256,490	3,181,761	2,910,700	4,617,160	1,706,460	58.6%
SUMMARY - COUNTY GOVERNMENT						
Electricity	14,007,996	18,817,385	20,190,240	25,376,090	5,185,850	25.7%
Water & Sewer	1,051,778	1,159,798	1,306,280	1,495,810	189,530	14.5%
Fuel Oil	86,425	206,819	100,450	319,930	219,480	218.5%
Natural Gas	1,824,012	2,495,876	2,315,500	3,292,630	977,130	42.2%
Propane	0	7,427	1,000	1,040	40	4.0%
TOTAL COUNTY GOVERNMENT	16,970,211	22,687,305	23,913,470	30,485,500	6,572,030	27.5%
OUTSIDE AGENCIES TAX AND NON-TAX SUPPORTED OPERATIONS						
Electricity	29,156,979	37,903,352	40,560,200	51,271,810	10,711,610	26.4%
Water & Sewer	2,489,536	2,524,151	2,540,380	2,649,580	109,200	4.3%
Fuel Oil	700,312	527,514	556,220	1,155,930	599,710	107.8%
Natural Gas	7,483,214	10,020,245	10,073,490	14,773,770	4,700,280	46.7%
Propane	186,176	177,660	213,770	219,520	5,750	2.7%
SUBTOTAL	40,016,217	51,152,922	53,944,060	70,070,610	16,126,550	29.9%
TOTAL UTILITIES EXPENDITURES						
Electricity	43,164,975	56,720,737	60,750,440	76,647,900	15,897,460	26.2%
Water & Sewer	3,541,314	3,683,949	3,846,660	4,145,390	298,730	7.8%
Fuel Oil	786,737	734,333	656,670	1,475,860	819,190	124.7%
Natural Gas	9,307,226	12,516,121	12,388,990	18,066,400	5,677,410	45.8%
Propane	186,176	185,087	214,770	220,560	5,790	2.7%
TOTAL UTILITIES EXPENDITURES	56,986,428	73,840,227	77,857,530	100,556,110	22,698,580	29.2%